

DIRECT TESTIMONY
OF
CINDY JACKSON
PUBLIC VERSION

CONSUMER SERVICES DIVISION
ILLINOIS COMMERCE COMMISSION

I.C.C. DOCKET NO. 00-0043

May 5, 2000

ILLINOIS
COMMERCE COMMISSION
MAY 9 9 10 AM '00
CHIEF CLERK'S OFFICE

1 **Please state your name and business address.**

2 A. My name is Cindy Jackson, and my business address is 527 East Capitol
3 Avenue, Springfield, Illinois.

4
5 **Q. What is your occupation?**

6 A. I am employed in the Consumer Services Division of the Illinois Commerce
7 Commission ("Commission").

8
9 **Q What are your present responsibilities in the Consumer Services**
10 **Division?**

11 A I am the telecommunications witness for the Consumer Services Division,
12 representing the interests of Illinois consumers. I have testified on behalf of
13 consumer interests in the SBC/Ameritech merger, Bell/Atlantic merger,
14 Global Crossings/Frontier merger, Gallatin River purchase of Centel, and
15 several other docket where independent telephone companies were
16 purchased. I have participated in over 250 competitive local certification
17 dockets, which includes reviewing applications and testimony from
18 companies requesting certification to provide local exchange telephone
19 service in Illinois. Specifically, I participate in the hearing process to ensure
20 the applicant's compliance with Illinois statutes and Commission rules and
21 regulations. I participated in over 60 dockets that established Eligible
22 Telecommunications Carriers status for local exchange companies.

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Q. Please describe your occupational experience.

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A. I began my employment with the Commission in September 1974, and I

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have worked in various Divisions within the Commission, including the

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Consumer Services Division. Prior to my position as Staff Liaison, I was the

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9-1-1 Program Assistant. Some of my duties included: reviewing 9-1-1

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applications to ensure that the Commission's rules and the statute were

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adhered to, making presentations, and reviewing filings.

46

47 **Q. Have you testified before the Commission in other dockets?**

48 A. Yes. I have provided testimony in I.C.C. Docket 99-0442 and 99-0443
49 (ITAC relay proposal and contract); Docket No. 98-0555 (SBC/Ameritech
50 merger); Docket No. 98-0866 (GTE/Bell Atlantic merger); Docket No. 99-
51 0237 (Global Crossing/Frontier merger) I.C.C. Docket 98-0321 (Gallatin
52 River purchase of Centel); Docket No. 96-0503 (GTE wholesale); Docket
53 No. 99-0544 (ATS Services, Inc., CLEC certification); and several other
54 telecommunications-related cases.

55

56 **Q. What is the purpose of your testimony?**

57 A. The purpose of my testimony is to discuss whether the sales and
58 marketing practices used by Ameritech Illinois to market its SimpliFive and
59 CallPack calling plans are just, reasonable and proper as defined in
60 Section 8-501 of the PUA. I will also discuss the educational needs of
61 consumers in light of today's changing telecommunications environment.
62 Finally, I will provide information regarding regulation of the sales and
63 marketing practices used by carriers marketing telecommunications
64 package sales in other states and jurisdictions. Staff Witness Koch will
65 also be providing testimony in this docket.

66

67 **Q. What does Section 8-501 of the PUA provide ?**

68 A. Section 8-501 of the PUA provides that:

69 Whenever the Commission, after a hearing had upon
70 its own motion or upon complaint, shall find that the
71 rules, regulations, practices, equipment, appliances,
72 facilities or service of any public utility, or the methods
73 of manufacture, distribution, transmission, storage or
74 supply employed by it, are unjust, unreasonable,
75 unsafe, improper, inadequate or insufficient, the
76 Commission shall determine the just, reasonable,
77 safe, proper, adequate or sufficient rules, regulations,
78 practices, equipment, appliances, facilities, service or
79 methods to be observed, furnished, constructed,
80 enforced or employed and it shall fix the same by its
81 order, decision, rule or regulation. The Commission
82 shall prescribe rules and regulations for the
83 performance of any service or the furnishing of any
84 commodity of the character furnished or supplied by
85 any public utility.
86

87 **Q. Did members of the Staff review the marketing materials, scripts,**
88 **protocols, policies, and procedures used by Ameritech's customer**
89 **service representatives and sales agents to promote the SimpliFive**
90 **and CallPack calling plans?**

91 A. Yes.

92

93 **Q. Did the Staff find any evidence that Ameritech made representations**
94 **regarding potential savings to consumers while marketing the**
95 **SimpliFive and CallPack plans?**

96 A. Yes, Ameritech did make such representations. However, Ameritech's
97 representations regarding savings were coupled with other descriptive
98 terms and phrases, and representations regarding other purported

benefits of the plans, including simplified calling plans, simplified pricing,
low pricing, volume discounts, flexible calling times, predictable pricing,
and bills that are easy to understand.

Q. Is it your belief that every customer who signs up for the SimpliFive or CallPack calling plans will save money?

A. No. Some consumers almost certainly will save money, and some consumers almost certainly will not. There are many variables that have to be taken into account for individual consumers, including, but not limited to the plan they choose; the number of calls they make per month; the duration of the calls which they make; the distance from their home of the destinations which they typically call; the number of people in the household; the time of day during which they typically make calls; and the fact that monthly calling patterns may vary over time or change completely.

Q. Would it be fair to say that some consumers do not mind paying somewhat higher rates for a simplified calling plan, predictable rates, and/or a simpler or more easily understood telephone bill ?

A. Yes, it would. Consumers who are not concerned with all of the details of each monthly billing statement are likely candidates to sign up for a simplified calling and/or billing format. These consumers are more

122 interested in the amount of the bill, rather than in receiving a breakdown of
123 the billing information.

124

125 **Q. Did Ameritech target customers with any specific characteristics for**
126 **the sale of the SimpliFive calling plan?**

127

128 **A. Yes. Ameritech stated in response to a data request that they targeted**

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131 ++++++ PROPRIETARY INFORMATION ++++++

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133 ++++++ (CUB Data Request 14, Exhibit 19,
134 Attachment 1, Proprietary.)

135

136 **Q. Does Ameritech take any steps to contact consumers who have**
137 **signed up for the SimpliFive calling plan to determine whether the**
138 **plan is meeting those consumers' expectations.**

139 **A. Yes. Ameritech stated that after the February, 1998, SimpliFive**
140 **promotion, Ameritech Illinois proactively reviewed the accounts of**
141 **consumers who subscribed to SimpliFive and whose bills increased by**
142 **+++++ or more after subscribing to the plan. Staff Data Request CJ1.34,**
143 **Attachment 2, Proprietary.) Ameritech Illinois contacted these customers,**
144 **advised them that their rates had in fact increased under the plan, and**

145 offered the consumers the opportunity to switch back to basic rates at no
146 cost. (Id.) Based upon Ameritech's responses to the Staff's data
147 requests, approximately +++++ consumers were contacted, +++++
148 consumers whose bills increased by between \$5 and \$10;
149 approximately +++++ consumers whose bills increased by more than \$10;
150 and approximately +++ CallPack customers who ordered SimpliFive. (Id.)
151

152 **Q. Do you believe that consumers are responsible for obtaining**
153 **information regarding the price, qualities, and uses of the services**
154 **and features that they choose?**

155 A. Yes, I do. Consumers make product decisions every day. If a competitive
156 telecommunications market is to function properly, consumers must
157 educate themselves regarding their telecommunications use and product
158 and service choices, just like they would do when making other
159 purchases, such as housing, cars, insurance, clothing, groceries and
160 other household goods. A customer service representative or sales agent
161 may make recommendations to consumers, which in his or her opinion,
162 meets the consumers' needs, in the light of such customers' past calling
163 patterns. When determining which calling plan best serves their needs,
164 individual consumers must consider the destinations which they call, the
165 length of their conversations, the number of calls that they make per
166 month/year, the number of people in their household, and past or future
167 lifestyle changes which may affect calling patterns. Consumers who

168 uncritically accept a customer service representative's recommendation
169 without any thought or investigation may not choose the best option for
170 their income or lifestyle or current/future calling needs.

171

172 **Q. Do you also believe that Ameritech should fully disclose the rates of**
173 **all calling plans and the potential for higher/lower rates?**

174 A. Yes, I believe that Ameritech (and other telephone companies) should
175 fully disclose, orally and in writing, the fact that it offers several different
176 calling plans to residential customers; and should disclose the rates,
177 terms, conditions and features of all calling plans to consumers, so that
178 consumers can make an informed decision regarding which plan best
179 suits their needs. When comparing different calling plans against the
180 consumer's past calling history, the customer service representative
181 should inform the consumer of the consumer's estimated increase or
182 decrease in billing. Additionally, consumers should be able to see this
183 comparison in writing, so that they may conduct their own comparison,
184 rather than being bound to an instant decision, while trying to visualize
185 what the customer service representative has just explained and
186 recommended. The existence of basic plans (as opposed to plans or
187 packages with numerous extra features, misleadingly referred to as
188 "Basic") should always be disclosed to consumers.

189

190 **Q. Are consumers adequately educated regarding their**
191 **telecommunications choices to be able to make reliable decisions in**
192 **a competitive environment ?**

193 **A.** No, in my opinion, they are not. For many years, consumers obtained
194 telephone service from monopoly providers, and, accordingly, had few, if
195 any choices to make regarding their telecommunications service.

196 Consumers today need to learn about the choices available to them in the
197 competitive marketplace and to be able to read their bills and promotional
198 materials critically; analyze such materials carefully, and ask specific
199 questions about the services offered or provided by telecommunications
200 companies. Consumers must learn to compare calling plan options to
201 their current plan; and not to accept at face value representations made
202 by customer service or sales representatives regarding the benefits and
203 qualities of telecommunications products or services. On the other hand,
204 telecommunications carriers must provide consumers with accurate
205 information, in plain language, regarding their products and services,
206 sufficient to enable consumers to make informed decisions regarding
207 whether to obtain such products or services. If consumers are provided
208 with accurate information, and thereafter make poor decisions regarding
209 which telecommunications products or services to purchase, such
210 consumers must bear the responsibility for those decisions. Moreover,
211 consumers may always change calling plans, if prior choices were not in
212 their best interests.

213

214 **Q. Is it possible that some Ameritech customer service representatives**
215 **do not follow the procedures, instructions, and scripts that**
216 **Ameritech asserts that such representatives are expected to follow ?**

217 **A.** Yes, it appears to be possible. However, I do not have any knowledge
218 regarding whether, or how, Ameritech monitors calls to, or by, customer
219 service representatives and/or sales agents. Likewise, I have no
220 knowledge regarding Ameritech's procedures for handling such cases. It
221 would be helpful if Ameritech provided information on the control and
222 monitoring of its customer service representatives and sales agents.

223

224 **Q. In the documentation provided to the Staff by Ameritech, did the**
225 **Staff find any evidence that Ameritech imposed daily, weekly, or**
226 **monthly quotas on its customer service representatives, sales**
227 **agents, and agents or supervisors, either individually or as one or**
228 **more groups, to successfully enroll customers into the SimpliFive or**
229 **CallPack plans?**

230

231 **A.** Ameritech stated that it did not require any quotas of its customer service
232 representatives, sales agents and agents or supervisors to successfully
233 market SimpliFive or CallPack plans to customers. Ameritech, however,
234 stated that sales representatives received incentives for winbacks, which
235 might involve enrolling the customer in a SimpliFive or CallPack plan,

236 since it appears that Ameritech instructs customer service representatives
237 to attempt to enroll such customers in the SimpliFive or CallPack plans
238 before giving information regarding basic rates. (Staff Data Request
239 CJ1.18, Attachment 3.) The Staff requests that Ameritech provide
240 additional information on the winback incentives received by sales
241 representatives. Staff also requests that Ameritech provide information
242 on whether or not a customer service representatives' and/or sales
243 representatives' job performances are evaluated based upon their ability
244 to sell additional services and features.

245
246 **Q. Did Ameritech provide the Staff with any information regarding any**
247 **contest sponsored by Ameritech to induce customer service**
248 **representatives, sales representatives, or agents to enroll**
249 **customers in calling plans?**

250
251 **A.** Ameritech stated that it did not sponsor contests or distribute prizes for
252 customer service representatives and/or sales representatives and/or
253 agents to enroll customers in calling plans. (Staff Data Request CJ1.19,
254 Attachment 4.)

255
256 **Q. What recommendations did CUB Witness TerKeurst make in her**
257 **testimony to address the allegedly unfair sales and marketing**
258 **practices used by Ameritech?**

259 A. CUB Witness TerKeurst recommended that Ameritech, at a minimum
260 should be required to:

261 1) Provide customers with the information they need in order to make
262 informed choices regarding the desirability of plans, including a clear
263 explanation during marketing activities that the customer's calling patterns
264 will affect the rates paid under the marketed plan and that lower-priced
265 options may be available;

266 2) During marketing activities, offer to provide information about other
267 Ameritech Illinois rate options and offer to do a customer-specific billing
268 comparison using available historical usage data or anticipated usage
269 patterns;

270 3) Offer the SimpliFive and CallPack options to customers only after it
271 has offered to provide the additional information addressed above;

272 4) Provide customers information annually about all Ameritech Illinois
273 rates and plans available to them in order to allow customers to evaluate,
274 over time, whether particular calling plans are indeed beneficial to them;
275 and;

276 5) Fund a consumer education campaign through the print and
277 electronic media and bill inserts to educate consumers about Ameritech's
278 basic rates, ways they can control their telephone costs, the availability of
279 calling plans and the existence of competition for some services.

280

281 **Q. Do you have any suggested revisions to CUB Witness TerKeurst's**
282 **recommendations?**

283 **A.** Yes. I propose three revisions to Ms. TerKeurst's recommendations. With
284 respect to Ms. TerKeurst's first proposed condition, namely, that
285 Ameritech be required to provide a customer-specific billing comparison, I
286 recommend: that Ameritech provide the bill comparison to the consumer
287 in writing, rather than orally from a customer service representative. In my
288 opinion, Ms. TerKeurst's proposal as written could be interpreted to allow
289 Ameritech to give consumers this information orally. In my opinion, this
290 information would be significantly more useful if provided in writing.

291 Second, with respect to Ms. TerKeurst's third proposed condition,
292 that Ameritech be required to offer the SimpliFive and CallPack options to
293 customers only after it has made the disclosures called for in Ms.
294 TerKeurst's first two conditions, I propose that the disclosures called for
295 be required in the marketing of any calling package or plan, so that this
296 condition will apply with other call packages when Ameritech ceases to
297 market, or discontinues offering, the SimpliFive or CallPack plans.

298 My third recommendation relates to Ms. TerKeurst's fourth
299 proposed condition, that Ameritech be required to give annual notification
300 to consumers regarding its rates and plans. In my opinion, this
301 information should be in writing and mailed separately from any Ameritech
302 Illinois billing statements.

303

304 **Q. Do you believe that Ms. TerKeurst's recommendations are just and**
305 **reasonable?**

306 A. Yes, I do. However, I also believe that these minimum recommendations
307 should be implemented for all telecommunications companies, not just
308 Ameritech.

309

310 **Q. Are you aware of any consumer education requirements imposed on**
311 **Ameritech?**

312 A. Yes. In the SBC/Ameritech merger, Docket No. 98-0555, the
313 Commission's Order imposed the following condition on Ameritech:

314 (8)Consumer Education Fund - SBC/Ameritech will
315 establish, within three months after the Merger
316 Closing Date, a Consumer Education Fund ("CEF")
317 and will make \$1 million available to the CEF for
318 disbursement by Ameritech Illinois in each of the
319 three consecutive 12-month periods following the
320 date the CEF is established, for a total of \$3 million.
321 All allocated funds remain available to the CEF for the
322 purposes described herein until they are disbursed.
323 Funds shall be allocated to the CEF by Ameritech
324 Illinois, and the use of the funds will be controlled by
325 the CEF Committee. The Committee shall consist of
326 one voting representative each from Ameritech
327 Illinois, Commission Staff, and such other entities as
328 appointed by the Commission and shall make
329 decisions by majority vote. Tie votes, if any, will be
330 decided by the Commission Staff representative.
331 CEF Committee decisions as to how funds should be
332 distributed and expended are subject to Commission
333 review. At its first meeting, the Committee shall
334 establish rules of governance for the operation of the
335 Committee. No funds shall be disbursed until 30 days
336 after the committee files with the Commission a report

of such proposed expenditures. Payments made under this subsection should not be included in the revenue requirement or costs studies of Ameritech Illinois;

Q. Are you aware of any sales and marketing mandates to Ameritech by other states?

A. Yes. The Public Utilities Commission of Ohio requires Ameritech to make certain disclosures regarding its calling packages when marketing them to consumers. Specifically, Ameritech representatives marketing calling packages to Ohio customers must disclose to the customers :

- 1) Information regarding basic monthly service, before making recommendations regarding calling packages;
- 2) That calling packages are optional;
- 3) Information regarding the components of the package;
- 4) That products in the package can be purchased individually; and
- 5) That access lines can be purchased without option services.

Additionally, the Federal Communications Commission ("FCC") and the Federal Trade Commission ("FTC") have acknowledged a need for standardized sales and marketing guidelines. The FCC and FTC issued the "FCC-FTC Policy Statement on Truth in Advertising" ("FCC-FTC Policy Statement") aimed at protecting consumers from unfair and deceptive advertising and marketing of long distance services. (NARUC Bulletin No. 5-2000 ,March 6, 2000., Attachment 5) This Policy Statement offers

guidance to carriers for truthful advertising of long distance services. The
FCC-FTC Policy Statement states:

- 1) All claims must be a) truthful, b) non-misleading, and c)
substantiated;
- 2) Carriers should disclose all costs consumers may incur, such as
per-call minimum charges, monthly fees, and universal service
charges;
- 3) Advertising should disclose any time and/or geographic restrictions
on the availability of advertised rates;
- 4) The basis for comparative price claims should be disclosed, and
only current information used in making claims; and
- 5) Information should be disclosed in a clear and conspicuous
manner, and without distracting elements so that consumers can
understand it, and make fully informed choices.

**Q. Did the Staff identify in its review any marketing procedure which it
considers questionable ?**

**A. Yes. The document entitled "Customer First Call Flow - 9 Key
Behaviors", stated that, when asking if the customer is satisfied,**

+++++

+++++ PROPRIETARY INFORMATION +++++

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384 ++++++ (Staff Data Request CJ

385 1.10, Attachment No. 6, Proprietary.)

386

387 **Q. Does this statement and concept embody a fair, just, and**
388 **reasonable practice, in your opinion?**

389 A. No, it does not. ++++++

390 ++++++

391 ++++++PROPRIETARY INFORMATION++++++

392 ++++++. Consumers should not be compelled to

393 listen to aggressive sales and marketing pitches simply because they

394 have contacted the company to resolve an issue or get a question

395 answered. This type of aggressive marketing should not be forced by the

396 company on consumers. Ameritech Illinois should be required to

397 discontinue this practice.

398

399 **Q. Are you aware of any other states that have conducted similar formal**
400 **investigations of an incumbent local exchange carrier's sales and**
401 **marketing practices?**

402 A. Yes. California recently entered an order fining Pacific Bell \$44 million for
403 the use of misleading and illegal marketing practices to boost sales. As is
404 widely known, both Pacific Bell and Ameritech are subsidiaries of SBC
405 Corporation, and it is possible that Ameritech is now using marketing
406 practices similar to those complained of in California.

407

408 **Q. Has the Commission cautioned Ameritech regarding its sales and**
409 **marketing procedures in any other dockets?**

410

411 **A. Yes. In Docket No. 98-0555, SBC/Ameritech merger, the Commission**
412 **Order stated in part,**

413 **6. Misleading or Deceptive Sales and Marketing Practices**

414

415 Several parties and Staff express concern about SBC's
416 sales and marketing practices in California. Relying chiefly on
417 several complaints filed against SBC at the California Public
418 Utilities Commission ("CPUC") alleging improper sales and
419 marketing practices, they are concerned that the new company will
420 adopt and implement similar sales and marketing practices in
421 Illinois, which, they contend, will lead to decreased service quality.
422 (Cook County Br., at 20-22; CUB Br., at 54-59; AG Reply Br. at 8-
423 11). In light of its concerns, and should the Commission approve
424 the merger, Staff asks the Commission to prohibit SBC from
425 adopting deceptive marketing practices in Illinois. (Staff Br. at 99).
426 In response to these concerns, Joint Applicants consider the
427 California complaints to be without merit and irrelevant to this
428 proceeding. (Smith Rebuttal, SBC/Am. Ex. 6.0 at 24; JA Reply Br.
429 at 68-71).

430

431 The Commission believes Staff's and GCI's concerns
432 regarding potentially misleading or deceptive sales and marketing
433 practices are relevant to the Commission's inquiry in this
434 proceeding. The Joint Applicants have identified SBC's marketing
435 programs and practices, among other things, as "best practices"
436 that will be made available to Ameritech Illinois. (Kahan Direct,
437 SBC/Am. Ex. 1.0 at 16; Jackson Direct, Staff Ex. 7.00 at 11 &
438 Attach. 4). At the same time, however, the Joint Applicants
439 indicate that they "have not yet evaluated the practices of each
440 company for the purposes of identifying 'best practices' and,
441 therefore,...do not know which such practices of SBC Ameritech
442 will adopt." (Jackson Direct, Staff Ex. 7.00 at 8 & Attach. 5.). *Given*
443 *the Joint Applicants' equivocal responses, their stated post-merger*
444 *plans regarding marketing practices are at best uncertain and, at*
445 *worst, contradictory.* Regardless, SBC's sales and marketing

practices in other states, and whether SBC will import such practices to Illinois, are matters clearly relevant to the Commission's inquiry here.

The Commission will not tolerate misleading, deceptive, or otherwise improper sales and marketing practices by telecommunications carriers in Illinois. The Commission specifically notes that implementation of misleading, deceptive or improper marketing practices in Illinois would diminish Ameritech Illinois' ability to provide reliable service to its customers. In addition, such practices would likely violate Illinois law and Commission rules. Furthermore, if Ameritech Illinois employs marketing practices that mislead, deceive or are otherwise improper, and its conduct is found to violate Illinois law, this Commission will not hesitate to penalize the company to the fullest extent permissible by law.

The allegations of misleading and deceptive sales and marketing practices pending against SBC before the CPUC give this Commission pause, as they represent practices SBC may bring to Ameritech Illinois' service territory. Although the Commission finds the number and character of allegations in the California proceedings somewhat troubling, it is mindful, however, that the allegations are unproven and have not been found to violate California law. In addition, whether or not the allegations are eventually sustained, the Commission is not convinced that SBC would consider the alleged misleading marketing practices to be "best practices" suitable for implementation in Illinois, especially given the substantial opposition from consumer groups in California such practices have engendered. Lest it be misunderstood, the Commission takes allegations of marketing abuses to customers very seriously and stands ready to act, upon complaint or its own motion, to eliminate such practices and prevent future abuses.

...

In sum, although the concerns of Staff and GCI regarding SBC's sales and marketing practices in California are relevant to the Commission's inquiry here, we do not find it necessary to prohibit specific marketing practices by Ameritech Illinois. The Commission believes adequate safeguards exist under Illinois law to protect Ameritech Illinois' customers from marketing abuses. In addition, the Commission will monitor all proposed "best practices through the reporting requirement imposed in this proceeding. If marketing abuses nonetheless occur, however, the Commission will not hesitate to take appropriate remedial action.

Q. Do you believe that sales and marketing practices used by Ameritech Illinois are common industry practices?

A. Yes, I do. With competition beginning to emerge, the Staff believes that sales and marketing practices should subject to statewide regulation to protect all consumers, not just Ameritech consumers. The Staff also believes that it would not be efficient use of time to have to litigate each individual case relating to the sales and marketing practices of each local exchange company in Illinois.

Q. Do you believe that the Ohio package selling requirements and/or the FCC-FTC Policy Statement constitute a reasonable alternative to Ms. TerKeurst's recommendations in this docket?

A. Yes, I do. Ms. TerKeurst proposes, as I have noted, a reasonable set of conditions. However, some of the conditions she proposes are specific to the SimpliFive and CallPack packages and might be interpreted to not apply to other packages offered by Ameritech in the future. In addition, as I have noted, I believe that cost and savings comparisons should be submitted to customers in writing. The Ohio package selling requirements would give consumers the information necessary to make an informed decision and would be easy for Ameritech to implement. The FCC-FTC Policy Statement, with minor modifications, would give consumers the

514 information necessary to make an informed decision and would be easy to
515 implement.

516

517 **Q. Do you believe that Ameritech's sales and marketing practices are**
518 **just and reasonable in the context of the emerging competitive**
519 **telecommunications market ?**

520 **A.** No. Competition is beginning to emerge in the Chicago area, and
521 consumers are in a transitional phase, moving, in many cases, from a
522 monopoly provider to competitive carriers. Where carriers do not, in their
523 sales and marketing programs, fully disclose all of the calling plans
524 available to consumers, and the rates, terms, and conditions of such
525 plans, consumers are prevented from making an informed choice
526 regarding which plan, or carrier, will best meet their needs. Illinois
527 consumers have not been properly prepared for this transition, and
528 consequently they need education on how to read and interpreting
529 telecommunications bills, sales and marketing plans, and make informed
530 decisions based on the information available to them.

531 **Q. Does this complete your testimony?**

532 **A.** Yes, it does.

ICC Docket No. 00-0043
Staff Exhibit No. 1.0

ATTACHMENT 1

ICC Docket No. 00-0043
Staff Exhibit No. 1.0

ATTACHMENT 2

**Data Requests of the Staff of the Illinois Commerce Commission
Docket 00-0043
Request Number CJ1.34**

REQUEST CJ1.34

Please state whether customers who expressed their dissatisfaction with the SimpliFive and/or CallPack plans were charged a fee to switch to another plan.

RESPONSE

No, customers who expressed their dissatisfaction with the SimpliFive and/or CallPack plans were not charged a fee to switch to another plan. In fact, after the SimpliFive promotion that was run in February, 1998, Ameritech Illinois proactively reviewed the accounts of customers who had subscribed to SimpliFive and whose bills increased by \$5 or more after the switch. Ameritech Illinois contacted these customers, made them aware of the situation, and offered them an opportunity to switch back to basic rates. See materials attached as Exhibit 7.

ICC Docket No. 00-0043
Staff Exhibit No. 1.0

ATTACHMENT 3

**Data Requests of the Staff of the Illinois Commerce Commission
Docket 00-0043
Request Number CJ1.18**

REQUEST CJ1.18

Please state whether Ameritech requires its customer service representatives and/or sales representatives and/or agents or supervisors to meet any daily, weekly, and/or monthly quota, either individually or as one or more groups, to successfully enroll customers into the SimpliFive or CallPack plans. If Ameritech requires such representatives to meet such a quota of successful sales or enrollments, please describe in detail, including the number of successful sales or enrollments each person or group is required to make; what incentives or disincentives attach for meeting or failing to meet such quota; the date upon which such quota was imposed, and any and all information, including employee policies and procedures, recommended methods for meeting such quotas, and other information of any description whatever, circulated to Ameritech customer service representatives and/or sales representatives and/or agents or supervisors regarding such quota.

RESPONSE

No, Ameritech Illinois does not require its customer service representatives and/or sales representatives and/or agents or supervisors to meet any daily, weekly, and/or monthly quota, either individually or as one or more groups, to successfully enroll customers into the SimpliFive or CallPack plans. Sales representatives are incented for winbacks, which might involve enrolling the customer in a SimpliFive or CallPack plan, but the incentive is for the winback, not for SimpliFive or CallPack.

ICC Docket No. 00-0043
Staff Exhibit No. 1.0

ATTACHMENT 4

**Data Requests of the Staff of the Illinois Commerce Commission
Docket 00-0043
Request Number CJ1.19**

REQUEST CJ1.19

Please describe any contest sponsored and prize(s) distributed by Ameritech for customer service representatives and/or sales representatives and/or agents to enroll customers in calling plans.

RESPONSE

Ameritech Illinois does not sponsor contests or distribute prizes for customer service representatives and/or sales representatives and/or agents to enroll customers in calling plans. Also, see response to Data Request CJ1.18 preceding.

ICC Docket No. 00-0043
Staff Exhibit No. 1.0

ATTACHMENT 5

als' independence, scope and configuration—key characteristics of an RTO—citing the need for more detailed information. However, the Commission indicated that the filing of this information could be deferred until the companies make their filing to transfer control of their transmission facilities to the ITC.

Florida PSC Adopts Measures to Slow Area Code Growth

State utility regulators adopted sweeping measures recently to conserve dwindling inventories of telephone numbers in three Florida regions.

The Florida Public Service Commission ordered telephone service providers in the 561, 904 and 954 area codes to return all unused and reserved numbers, imposed criteria for companies requesting new numbers, and directed the industry to develop a schedule for implementing "number pooling," a process that allows several service providers to share a single block of telephone numbers.

"We have gone from three area codes in 1986 to 13 today," Commission Chairman Joe Garcia said. "We cannot keep asking the residents and businesses in Florida to be patient and wait for the phone companies to come up with a solution."

The three area codes, which cover much of Florida's east coast, are projected by federal authorities to run out of available numbers in 2002. The measures adopted by the Commission may prolong the lifespan of the area codes by up to three years.

In reaching its decision, the Commission relied on authority granted to it by the Federal Communications Commission (FCC) in late 1999, specifically to slow the need for new area codes.

The 954 area code is assigned to Broward County; the 561 area code covers Palm Beach, Martin, St. Lucie and Indian River counties; and the 904 area code covers all or parts of 15 counties, including Flagler, Volusia, St. Johns, Duval and Nassau.

FCC and FTC Issue Joint Policy Statement on Deceptive Advertising of Long Distance Service

The Federal Communications Commission (FCC) and the Federal Trade Commission (FTC) have recently issued a joint Policy Statement to protect consumers from unfair and deceptive advertising and marketing of long distance services, including dial-around services — often called "10-10" numbers. The Policy Statement offers guidance to carriers to ensure their advertising is truthful, complete and non-misleading. Additionally, it describes the kind of factors the FCC will consider in determining whether to bring enforcement action against carriers for deceptive advertising practices.

In recent years there has been an explosion in competition and innovation in the telecommunications industry. Consumers have reaped substantial benefits in the form of greater choice and lower prices. But the proliferation of advertisements for dial-around numbers, long-distance calling plans, and other new telecommunications services, as well as an increase in the number of complaints regarding how these services are promoted, have raised questions about how the principles of truthful advertising apply in this dynamic marketplace.

The Policy Statement follows a joint forum held by the two federal agencies in November 1999, which provided government, industry, and consumer groups an opportunity to discuss the advertising and marketing of long distance services.

"This policy statement is a critical step in protecting the core rights of consumers in the competitive market which we have worked so hard to create. Together with truth in billing and freedom from slamming and cramming, it ensures that consumers will have the knowledge they need to select the carrier of their choice and be fairly charged for the services they use," said William Kennard, chairman of the FCC.

"This industry provides American consumers with telecommunications services that are the finest in the world," FTC Chairman Robert Pitofsky said. "This policy statement will help encourage industry to develop advertising that matches this high standard."

From the joint forum, the two federal agencies developed the FCC-FTC Policy Statement on Truth-in-Advertising, which offers the following guidance for truthful advertising of long distance services:

- All claims must be 1) truthful, 2) non-misleading, and 3) substantiated;
- Carriers should disclose all costs consumers may incur, such as per-call minimum charges, monthly fees, and universal service charges;
- Advertising should disclose any time and/or geographic restriction on the availability of advertised rates;
- The basis for comparative price claims should be disclosed, and only current information used in making claims; and
- Information should be disclosed in a clear and conspicuous manner, and without distracting elements, so that consumers can understand it, and make fully informed choices.

The FCC has previously found that unfair and deceptive marketing practices by telephone companies may constitute unjust and unreasonable practices under the Communications Act. The joint Policy Statement should provide helpful guidance to carriers who wish to adhere to lawful advertising practices.

In issuing this joint Policy Statement, the FTC and the FCC encouraged industry to adhere to the standards offered in the joint Policy Statement. These standards provide guidance for carriers who market long-distance service. Staff of both FTC and FCC are open to discussing long-distance advertising concerns and any questions that others may have on the Policy Statement itself or more generally. Additionally, the joint Policy Statement does not preempt existing state law.

Washington UTC Directs Phone Companies to Postpone Switchover Date for 360 Area Code

Saying it is premature to impose 10-digit dialing for local calls on customers any earlier than necessary, the Washington utilities commission recently directed the phone companies to postpone until next year the mandatory changeover date for residents in the 360 area code in Western Washington.

The new 564 area code overlay and accompanying 10-digit local dialing had been scheduled to take effect on July 29, but in a unanimous decision, the Washington Utilities and Transportation Commission (UTC) determined that existing prefixes in 360 could be used for an additional six months. The commission also told the telecommunications industry to select a new implementation date, no sooner than Feb. 1, 2001.

Last September, the WUTC accepted the telecommunications industry plan to introduce a new area code for the 360 region of Western Washington because the industry was running out of three-digit telephone prefixes. The industry plan called for overlaying a new area code (564) over the entire 360 region. All existing phone numbers would retain the 360 area code but all new or additional phone lines would be assigned the new area code of 564. This results in all local phone calls requiring 10 digits, including the area code and 7-digit phone number to be completed.

The permissive or transitional dialing period for 360 area code residents began Feb. 5. This period allows customers time to use either 7 or 10 digits when dialing a local call. A consumer factsheet is available with more information.

The commission also ordered the companies to file reports showing how they use the 360 area code prefixes now. Under the current system, the North American Numbering Plan Administrator, a private company contracted by the federal government, doles

out numbers in blocks of 10,000. With the proliferation of new telephone and wireless companies, many of the phone prefixes have been handed out, but not all are in use.

The commission also believes the drain on the supply of 360 phone numbers has slowed down recently. This change coupled with the new phone number conservation efforts would allow for the six-month delay for launching the new 564 area code and the mandatory switch to 10-digit local calling. The WUTC received 110 public comments, of which only one customer was in favor of the new 564 area code overlay plan.

Last fall, the Federal Communications Commission (FCC) began granting permission to the State utilities commissions to require the telecommunications companies to pool or share unused phone numbers. The WUTC petitioned the FCC for authority Dec. 9, 1999.

Last month, the telecommunications providers adopted an overlay plan for the entire central Puget Sound area, including area codes 206, 425 and 253. The commission was notified last week that area code 509 will also run out of numbers and a new area code will be needed in 2002.

FERC Announces Office of Markets, Tariffs and Rates Open for Business

Chairman James J. Hoecker and Daniel L. Larcamp, Director of the Office of Markets, Tariffs and Rates (OMTR), recently announced the opening of the new OMTR office effective February 28.

General plans for the office were announced last September. For an updated organizational chart, responsibilities of individual organizations within OMTR, and a geographic grouping of jurisdictional pipelines and utilities based on how their tariff and rate filings will be processed by OMTR, go to the Commission's website at www.ferc.fed.us and click on "Office of Markets, Tariffs and Rates."

Commented Chairman Hoecker: "The agency has already placed four new offices into operation as a result of FERC First. But, with OMTR, we are becoming a truly process-centered organization. We have a truly convergent gas, oil and electric staff that will give us greatly enhanced leverage and expertise in the future. In the midst of all the congratulations for Dan and his staff, however, I want to recognize the tremendous contributions made over the years by OPR, OEPR, and the Office of Economic Policy, OMTR's predecessors. These offices and their staffs have always performed at the highest, most professional levels."

Mr. Larcamp said, "Many within and outside the Commission have waited patiently for the improvements to result from our reengineering efforts. Starting next Monday, we will begin delivering these improvements in the Markets area. We intend to listen to our core constituencies and concentrate our efforts in better

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ATTACHMENT 6